

ORIGINAL

(red)

Issue: During settlement negotiations for remedial design and remedial action (RD/RA) at the Chisman Creek site, the major area of dispute between EPA and Virginia Power is the Company's unwillingness to fully repay EPA's prior costs at the site.

Background: In September 1986, a ROD was signed outlining the selected remedial measures to be taken at the site. Since that time Virginia Power has nearly completed the design and is preparing final plans and specifications for approval by EPA. In March 1987, during initial RD/RA settlement discussions, Virginia Power made an informal offer of \$250,000 to cover EPA's prior costs at the site. At the time of the offer, EPA had not yet completed a detailed cost summary of its prior costs. However, based on a quick review we advised Virginia Power that EPA's prior costs were probably in the range of \$1.0 to \$1.3 million. To date Virginia Power has not revised its offer.

Present Status: On May 21, 1987 a meeting was held between EPA and Virginia Power to discuss technical issues regarding the remedial design. At that time, EPA's detailed cost summary was provided to Virginia Power, detailing prior EPA costs of \$1,017,000 at the site. It was further suggested that Virginia Power provide a revised offer on prior costs and a justification on why they are unwilling to pay for 100% of the prior costs. Virginia Power, in turn continued to express concerns over the actual rates and hours charged by EPA's major contractor (CH2M-HILL) to the site. EPA has advised Virginia Power that certain CH2M-HILL cost data is confidential business information and not releasable.

Forthcoming Actions: A tentative meeting with Virginia Power is scheduled for May 28, 1987 to further discuss prior costs and to provide Virginia Power with EPA's second draft of a consent decree.

Critical Dates: Virginia Power is prepared to begin construction during July 1987 pending approval by EPA of the remedial design.

Action: Assuming Virginia Power continues to offer less than 100% of prior costs, the Region will need to formally seek Headquarters approval to such a settlement.

Prepared by:
Chris Corbett
May 23, 1987

AR200339